

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6200

BILL NUMBER: HB 1327

DATE PREPARED: Nov 7, 2001

BILL AMENDED:

SUBJECT: Internet Gambling Prohibition.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill makes Internet gambling a Class B misdemeanor and makes providing gambling through the Internet a Class D felony. The bill requires an interactive computer service to discontinue its service if notified by a law enforcement agency that the service is being used to promote professional gambling and requires an interactive computer service to block access to a site used to promote professional gambling.

Effective Date: July 1, 2002.

Explanation of State Expenditures: Unlawful gambling, a Class B misdemeanor, would be expanded to include Internet gambling. Offenders convicted of misdemeanors would be subject to incarceration in a local jail (see Explanation of Local Expenditures). The bill would expand the definition of professional gambling and promoting professional gambling, both Class D felonies, to include using the World Wide Web to engage in the prohibited acts. According to a sample of the state prison population, no offenders are serving in a state facility for either of these offenses. There are no data available to indicate if the commitment of offenders to state facilities would change as a result of changes to the definitions.

A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$22,131 in FY 2000. Individual facility expenditures ranged from \$16,442 to \$40,312. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. The average length of stay in DOC facilities for all Class D felony offenders is approximately ten months.

Explanation of State Revenues: If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class B

misdemeanor is \$1,000 and the maximum fine for a Class D felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: If more offenders are incarcerated for the Class B misdemeanor, county jail costs could increase. A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

If more defendants are detained in county jails prior to their court hearings for one of the felony offenses, local expenditures for jail operations may increase.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Sheriffs Association, Department of Correction.